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MASTER DEED
FOR
MAGNOLIA PLACE
HORIZONTAL PROPERTY REGIME

MASTER DEED

for

Magnolia Place

Horizontal Property Regime

Horry County, South Carolina

Heritage Communities, Inc., A South Carolina Corporation, having its principal office at Myrtle Beach, County of Horry, State of South Carolina, hereinafter referred to as the GRANTOR, as the sole owner in fee simple of the land and improvements hereinafter described, does hereby make, declare and publish its intention and desire to submit, and does hereby submit, the lands and buildings hereinbelow described (Phase I and Phase II), together with all other improvements thereon, including all easements, rights and appurtenances thereto belonging, to a Horizontal Property Regime (sometimes termed "condominium" ownership) to be known as Magnolia Place, in the manner provided for by Sections 27-31-10 through 27-31-300 (both inclusive) of Chapter 31 entitled "Horizontal Property Act of the 1976 Code of Laws of South Carolina", as amended (the "Act"). In conformity with Sections 27-31-30 and 27-31-100 of said Act, the GRANTOR sets forth the following Particulars:

I.

The lands which are hereby submitted to the Horizontal Property Regime are described as follows:

FOR PROPERTY DESCRIPTION SEE ATTACHED EXHIBIT "A", WHICH IS INCORPORATED HEREIN AND MADE A PART AND PARCEL HEREOF.

II.

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Annexed hereto and expressly made a part hereof, as Exhibit B, is a plot plan showing the location of the land, buildings and other improvements comprising Phase I and Phase II, and a set of floor plans of the buildings which show graphically the dimensions, area and location of each UNIT therein and the dimensions, area, and location of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS affording access to each UNIT. Each UNIT is identified by a specific number on said Exhibit B, and no UNIT bears the same designation as any other UNIT. Exhibit B is also recorded as a separate condominium plat in the public records of Horry County, maintained by the Register of Mesne Conveyances.

III.

ADDITIONAL PHASES AND EASEMENTS THEREFORE

In addition to the lands with improvements thereon in Phase I and Phase II, the GRANTOR may construct additional UNITS on property contiguous to or near the property described in Paragraph I herein and submit same to Magnolia Place Horizontal Property Regime in additional phases not to exceed 60 phases (including Phase I and Phase II). The additional property shall be referred to as "Phase III", "Phase IV" and continuing on with additional phases numbered consecutively through "Phase LX". Each additional phase shall consist of one building containing not less than 10 UNITS and not more than 15 UNITS and associated COMMON ELEMENTS. In the event the GRANTOR exercises its right and option to add Phases III through LX (or any one or more of said Phases), the property of said phase then submitted will become an integral part of Magnolia Place Horizontal Property Regime once the appropriate amendment to this Master Deed has been filed as hereinafter provided. Further, there is reserved by the GRANTOR, for itself, its successors or assigns, in, over, across, under and upon the properties shown as Phase I and Phase II (and each additional phase(s) which is submitted to the terms and provisions of this Master Deed) all easements and rights of ingress and egress necessary and convenient for the construction of the said Phases III through LX, or any one or more of them, as the case may be, which such easements shall remain in full force and effect for such time as the GRANTOR, its successors and/or assigns, retains the option of submitting the said Phases III through LX, or any one or more of them, to the Regime. The easements reserved by the GRANTOR shall include, but not be limited to, the easements expressly reserved by the GRANTOR pursuant to the terms of this Master Deed and the Exhibits and Amendments hereto, as well as non-exclusive easements over the roads, driveways, and parking areas for ingress and egress (including vehicular ingress and egress) and for the installation and maintenance of utilities. Such easements may be assigned, mortgaged or otherwise conveyed by GRANTOR, including a partial or non-exclusive assignment, mortgage or conveyance of such rights held by GRANTOR.

The GRANTOR hereby reserves unto itself, its successors or assigns, the right and option, to be exercised at its sole discretion, to submit the Phases III through LX property, to the provisions of this Master Deed, thereby causing such Phase(s), to become and be a part of Magnolia Place Horizontal Property Regime. The GRANTOR may elect to exercise this right or option as to Phases III through LX, no later than twenty (20) years from the filing of this Master Deed. Each additional Phase shall be added only upon execution by the GRANTOR, its successors or assigns, within the time specified herein, of an amendment or amendments to this Master Deed which shall be filed of record in the Office of the Register of Mesne Conveyances for Horry County, South Carolina. Any such amendment

shall expressly submit such Phase to all of the provisions of this Master Deed and the By-Laws of Magnolia Place Property Owners' Association, Inc. made a part hereof, as either or both may be amended. Upon the exercise, if any, of this right or option, the provisions of this Master Deed and all exhibits hereto shall then be construed and understood as embracing Phase I and Phase II (the basic "property" herein defined) and any future Phase(s) so submitted, as appropriate, together with all improvements then or thereafter constructed. Should the GRANTOR fail to exercise its right or option within the time specified herein, then in that event, said option shall expire and be of no further force or effect.

Although the site plan or other plans for Magnolia Place Horizontal Property Regime may show or depict certain amenities to be constructed as part of Magnolia Place Horizontal Property Regime, the GRANTOR shall have no obligation to construct any such amenities until such time, if at all, that the GRANTOR exercises its option to submit the phase of Magnolia Place Horizontal Property Regime actually containing such amenities. In the event that the GRANTOR does not construct and submit any phase to the terms and provisions of this Master Deed thereby making it a part of Magnolia Place Horizontal Property Regime, the GRANTOR shall have no obligation whatsoever to construct any amenity associated with that phase of Magnolia Place Horizontal Property Regime as provided for in this paragraph.

The right to submit the additional Phases to the Horizontal Property Regime is assignable by the GRANTOR. If GRANTOR elects to assign such right, the assignee shall be solely responsible therefor including, but not limited to, the quality of construction and compliance with this Master Deed.

The GRANTOR shall be under no obligation to construct or submit Phase III or any subsequent phase(s). Should Phase III or any subsequent Phase be constructed and submitted, GRANTOR shall be under no obligation to submit any future Phase(s). The construction and submission of each Phase shall be at the sole option of the GRANTOR. Further, GRANTOR may submit any Phase(s) to the provisions of this Master Deed in any order notwithstanding the numerical sequence thereof.

Each Phase shall be depicted on a map or plat showing the boundaries of the Phase and the location thereon of all improvements, amenities, parking, etc. Phases I and II and each additional Phase, as constructed and submitted, shall constitute the entirety of the Regime, and the Regime, the Association (as hereinafter defined) and the Owners of UNITS shall not acquire any rights as to any properties not depicted thereon and specifically submitted to the provisions of this Master Deed. The "site plan", "floor plans", and all other Exhibits attached hereto, incorporated herein and/or associated herewith which depict or refer to any

Phase which has not been specifically made a part hereof by amendment as herein provided shall be of no force or effect as to such additional phase(s) until such Phase has been incorporated herein by amendment. No such "site plan", etc. shall constitute a warranty or representation that any additional Phase will be constructed or submitted or that any amenity is or will be constructed or submitted. Until such time, if at all, as an additional Phase is submitted to the terms of this Master Deed by amendment as herein required, all real estate upon which additional Phases may be added may be used for any lawful purpose by the Owner thereof.

ALTHOUGH PORTIONS OF MAGNOLIA PLACE HORIZONTAL PROPERTY REGIME ARE LOCATED ADJACENT TO PROPERTY ON WHICH IS CURRENTLY LOCATED A GOLF COURSE AND RELATED FACILITIES, SUCH GOLF COURSE AND RELATED FACILITIES ARE OWNED BY AN UNRELATED THIRD PARTY AND ARE NOT OWNED OR CONTROLLED BY GRANTOR. NO OWNER SHALL ACQUIRE ANY RIGHTS IN SUCH GOLF COURSE AND RELATED FACILITIES BY VIRTUE OF HIS OWNERSHIP OF A UNIT(S) WITHIN MAGNOLIA PLACE HORIZONTAL PROPERTY REGIME. FURTHER, GRANTOR MAKES NO REPRESENTATIONS REGARDING THE CONTINUED EXISTENCE OF SAID GOLF COURSE OR AS TO THE FUTURE USE OF THE PROPERTY ON WHICH SAID GOLF COURSE IS CURRENTLY LOCATED.

IV.

UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

The CONDOMINIUM consists of UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS as said terms are hereinafter defined.

UNITS, as the term is used herein, shall mean and comprise the thirty (30) separate and numbered UNITS which comprise Phase I and Phase II and are described in Exhibit B to this Master Deed, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and above the undecorated and/or unfinished inner surfaces of the ceilings of each UNIT, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of all interior loadbearing walls and/or unfinished bearing partitions, and further excluding all pipes, ducts, wires, conduits and other facilities running through any interior wall or partition for the furnishing of utility services to UNITS and COMMON ELEMENTS.

COMMON ELEMENTS, as the term is used herein, shall mean and comprise all of the real property, improvements and facilities of the CONDOMINIUM other than the UNITS, as same are hereinabove defined, and shall include easements through UNITS for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility service to UNITS and COMMON ELEMENTS, easements of support in every portion of a UNIT which contributes to the support of the improvements, all elevators, elevator

equipment and the spaces housing such equipment, and shall further include all personal property held and maintained for the joint use and enjoyment of all of the Owners of all such UNITS. The term "COMMON ELEMENTS" may be further defined in other provisions of this Master Deed and the exhibits and amendments hereto by specific designation of certain improvements and facilities as COMMON ELEMENTS. Such further designation of COMMON ELEMENTS shall not act to limit the definition of COMMON ELEMENTS as herein provided, but is intended to be in addition thereto.

LIMITED COMMON ELEMENTS, as the term is used herein shall mean and comprise the following: (A) The surface areas, railing and/or walls of all balconies, screened porches, decks or grade-level patios accessible by normal means from the UNIT, (including fences and railings) immediately adjacent to the UNIT, and all storage closets located outside of the Units which are designated for the exclusive use and benefit of a single UNIT in this Master Deed and Amendments hereto; (B) All water, power, telephone, electricity, plumbing, gas and sewage lines located in the UNIT; provided, however, that the portion of said lines located in a common compartment for, or installation of, such lines shall be COMMON ELEMENTS as described above. LIMITED COMMON ELEMENTS are intended for the exclusive use and benefit of the UNIT which it is associated with. In all other respects, and except as specifically provided in this Master Deed, LIMITED COMMON ELEMENTS shall be treated as, and included within the definition of the term "COMMON ELEMENTS".

V.

OWNERSHIP OF UNITS AND APPURTENANT
INTEREST IN COMMON ELEMENTS

Each UNIT shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner or Owners of each UNIT shall own, as an appurtenance to the ownership of each said UNIT, an undivided interest in the COMMON ELEMENTS, the undivided interest appurtenant to each said UNIT being that which is hereinafter specifically assigned thereto. The percentage of undivided interest in the COMMON ELEMENTS assigned to each UNIT shall not be changed except with the unanimous consent of all of the Owners of all of the UNITS and except as provided in Article III with regard to the amendments of this Master Deed to admit additional Phase(s) into this Horizontal Property Regime. There shall also be appurtenant to each UNIT the exclusive right to the use of the LIMITED COMMON ELEMENTS appurtenant to that UNIT in accordance with the provisions of this Master Deed.

VI.

RESTRICTION AGAINST FURTHER SUBDIVIDING
OF UNITS AND SEPARATE CONVEYANCE
OF APPURTENANT COMMON ELEMENTS, ETC.

No UNIT may be divided or subdivided into a smaller UNIT than as shown on Exhibit B attached hereto, nor shall any UNIT, or portion thereof, be added to or incorporated into any other UNIT, except as provided in Exhibit B hereto. Notwithstanding the foregoing, the GRANTOR may install, or may permit the installation of, doorways connecting any UNIT to an adjoining UNIT without the consent or approval of ASSOCIATION or any other party being necessary. Each such UNIT so adjoined by such doorway shall remain a separate UNIT for all purposes, including all provisions of this Master Deed. The undivided interest in the COMMON ELEMENTS and the right as to the LIMITED COMMON ELEMENTS declared to be an appurtenance to each UNIT shall not be conveyed, devised, encumbered or otherwise dealt with separately from said UNIT, and the undivided interest in COMMON ELEMENTS appurtenant to each UNIT shall be deemed conveyed, devised, encumbered, or otherwise included with the UNIT even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such UNIT. Any conveyance, mortgage, or other instrument which purports to affect the conveyance, devise or encumbrance, or which purports to grant any right, interest or lien in, to, or upon, a UNIT, shall be null, void and of no effect insofar as the same purports to affect any interest in a UNIT and its appurtenant undivided interest in COMMON ELEMENTS, and the right as to the LIMITED COMMON ELEMENTS unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire UNIT. Any instrument conveying, devising, encumbering or otherwise dealing with any UNIT which describes said UNIT by the UNIT Number assigned thereto in Exhibit B without limitation or exception, shall be deemed and construed to affect the entire UNIT and its appurtenant undivided interest in the COMMON ELEMENTS and its right as to the LIMITED COMMON ELEMENTS. Nothing herein contained shall be construed as limiting or preventing ownership of any UNIT and its appurtenant undivided interest in the COMMON ELEMENTS by more than one person or entity as tenants in common, or joint tenants. Further, nothing contained herein shall be construed as limiting or preventing the GRANTOR, its successors or assigns, from adding additional phase(s) as provided herein.

VII.

CONDOMINIUM SUBJECT TO RESTRICTIONS, ETC.

The UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established herein, governing the use of said UNITS and COMMON

ELEMENTS, and setting forth the obligations and responsibilities incident to ownership of each UNIT and its appurtenant undivided interest in the COMMON ELEMENTS, and said UNITS and COMMON ELEMENTS are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the CONDOMINIUM. Further, portions of the property being herewith submitted to Magnolia Place Horizontal Property Regime are subject to the terms and provisions of that certain Corrective Easement Agreement between GRANTOR and Myrtle Beach Farms Company, Inc., recorded in Deed Book 1793 at Page 991, records of Horry County, South Carolina, as previously amended and as hereinafter amended (the "Entranceway Easement"). As a part of ASSOCIATION'S obligations to maintain the COMMON ELEMENTS, ASSOCIATION shall perform the obligations of GRANTOR arising pursuant to the Entranceway Easement relative to the maintenance and repair of any roads and drives which are the subject thereof. Further, until such time as the dedication of the roads known as "Wild Iris Drive" and "48th Avenue North Extension" is accepted by a governmental entity, the ASSOCIATION shall maintain "Wild Iris Drive" and that portion of "48th Avenue North Extension" from U.S. Highway 17 Bypass to Wild Iris Drive in good maintenance and repair, subject to the terms of the Entranceway Easement.

VIII.

PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON ELEMENTS

The COMMON ELEMENTS shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of UNITS in the CONDOMINIUM for their use and the use of their immediate families, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said Owners of UNITS. Notwithstanding anything above provided in this Article, Magnolia Place Property Owners' Association, Inc., hereinafter identified, shall have the right to establish the rules and regulations pursuant to which the Owner or Owners of any UNIT may be entitled to the exclusive use of any parking space or spaces. Provided further, that if the Board of Directors of said Association determines it to be in the best interest of all of the Co-owners, the Board of Directors may hereafter grant easements for the benefit of the Regime Property and the Co-owners. Each Co-owner, by the acceptance of the deed to his UNIT does hereby grant to the Board of Directors an irrevocable power of attorney to execute, deliver and record for and in the name of each Co-owner, such instruments as may be necessary and proper to the granting of such easements.

IX.

EASEMENTS FOR UTILITIES

GRANTOR hereby reserves, for the benefit of itself, its successors and assigns, the alienable, transferable and perpetual right and easement, as well as the power and authority to grant and accept easements to and from any private or public authority, agency, public service district, public or private utility or other person or company upon, over, under and across all or any portion of the COMMON ELEMENTS for constructing, installing, replacing, repairing, operating, maintaining and using master television antenna, television cable systems and/or telephone systems. Such easements may be granted or accepted by GRANTOR with respect to the COMMON ELEMENTS without notice to or consent by the ASSOCIATION or UNIT Owners. Telephone, master television antennas and/or cable system services may be provided to the project pursuant to the terms of agreements between the ASSOCIATION and GRANTOR, its affiliates, its successors or assigns, or third parties. However, nothing herein shall obligate GRANTOR to provide any such services.

X.

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

If any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS now encroaches upon any UNIT or if any UNIT now encroaches upon any other UNIT or upon any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS as a result of the construction or repair of any building or if any such encroachment shall occur hereafter as a result of settlement or shifting of any building or otherwise, a valid easement for the encroachment and for the maintenance of the same, so long as the building stands, shall exist. In the event any building, any UNIT, any adjoining UNIT, or any adjoining COMMON ELEMENT or LIMITED COMMON ELEMENTS shall be partially or totally destroyed as the result of fire or other casualty or as the result of condemnation or eminent domain proceedings and the reconstructed building, UNIT or part of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS encroaches upon any UNIT or over any UNIT, or upon any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS due to such reconstruction, the reconstruction shall be permitted and valid easements for such encroachments and maintenance thereof shall exist so long as the building shall stand.

XI.

RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS

Recognizing that the proper use of a UNIT by any Owner or Owners is dependent upon the use and enjoyment of the COMMON ELEMENTS in common with the Owners of all other UNITS, and that it is in the interest of all Owners of UNITS that the ownership of the COMMON

ELEMENTS be retained in common by the Owners of UNITS in the Condominium, it is declared that the percentage of the undivided interest in the COMMON ELEMENTS appurtenant to each UNIT shall remain undivided and no Owner of any UNIT shall bring or have any right to bring any action for partition or division. Provided, however, the Co-owner's interest in the COMMON ELEMENTS may be diminished by the addition of Phase III or any additional phase(s), as set forth in Article III herein.

XII.

PERCENTAGE OF UNDIVIDED INTEREST IN
COMMON ELEMENTS APPURTENANT TO EACH UNIT

The undivided interest in the COMMON ELEMENTS appurtenant to each UNIT in Phase I and Phase II is that percentage of undivided interest which is set forth and assigned to each UNIT in that certain Schedule which is annexed hereto and expressly made a part hereof as Exhibit C, or, following submission of additional Phase(s), calculated in accordance with the schedule set forth in Exhibit "C".

XIII.

EASEMENT FOR AIR SPACE

The Owner of each UNIT shall have an exclusive easement for the use of the air space occupied by said UNIT as it exists at any particular time and as said UNIT may lawfully be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

XIV.

ADMINISTRATION OF
Magnolia Place (A CONDOMINIUM)
BY MAGNOLIA PLACE
PROPERTY OWNERS' ASSOCIATION, INC.

To efficiently and effectively provide for the administration of the CONDOMINIUM by the Owners of UNITS, a non-profit South Carolina corporation known and designated as Magnolia Place Property Owners' Association, Inc. has been organized, and said corporation shall administer the operation and management of the CONDOMINIUM and undertake and perform all acts and duties incident thereto in accordance with the terms, provisions and conditions of this Master Deed, and in accordance with the terms of the Articles of Incorporation of Magnolia Place Property Owners' Association, Inc. hereinafter referred to as the ASSOCIATION, and By-Laws of said corporation. A true copy of the Articles of Incorporation and By-Laws of the ASSOCIATION are annexed hereto and expressly made a part hereof as Exhibit D and Exhibit E, respectively. The Owner or

Owners of each UNIT shall automatically become members of the ASSOCIATION upon his, their or its acquisition of an ownership interest in any UNIT and its appurtenant undivided interest in COMMON ELEMENTS, and the membership of such Owner or Owners shall terminate automatically upon each Owner or Owners being divested of such ownership interest in such UNIT, regardless of the means by which such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any UNIT shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in the ASSOCIATION, or to any of the rights or privileges of such membership. In the administration of the operation and management of the CONDOMINIUM, the ASSOCIATION shall have and is hereby granted the authority and power to enforce the provisions of this Master Deed, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS, as the Board of Directors of the ASSOCIATION may deem to be in the best interest of the CONDOMINIUM.

XV.

RESIDENTIAL USE RESTRICTION APPLICABLE TO UNITS

Each UNIT is hereby restricted to residential use by the Owner or Owners thereof, their immediate families, guests, and invitees; provided, however, subject to the restrictions hereinafter contained relative to Long Term Occupancy Buildings (as hereinafter defined), there shall be no restriction as to the length of time which an Owner may rent his or her UNIT. Further, provided, however, that so long as GRANTOR shall retain any interest in any UNIT or have the right to add any additional phase(s) to the CONDOMINIUM, it may utilize a UNIT or UNITS of its choice, from time to time, for sales offices, models, and/or other usages for the purpose of selling and marketing UNITS in the CONDOMINIUM or in other projects in which GRANTOR may have an interest. Further still, GRANTOR may assign this commercial usage right to such other persons or entities as it may choose; provided, however, that when all UNITS have been conveyed and the GRANTOR, its successors and assigns, no longer has the right to add any additional PHASE(S) to the CONDOMINIUM, this right of commercial usage shall immediately cease. Further, the GRANTOR shall have the right and easement to install and maintain signage on portions of the COMMON ELEMENTS to be used relative to GRANTOR'S marketing of UNITS within the CONDOMINIUM, as long as GRANTOR owns a UNIT(S) within the CONDOMINIUM or has the right to add an additional PHASE(S) to the CONDOMINIUM.

No UNIT or any portion thereof may be submitted to a plan of interval ownership or any form of timesharing. Provided however, nothing herein shall be construed as limiting the right of any

Owner of any UNIT from renting or leasing his or its UNIT, subject to the restrictions hereinafter contained.

Notwithstanding the foregoing, GRANTOR may, in its sole and absolute discretion, designate any building(s) within the CONDOMINIUM as a Long Term Occupancy Building (as hereinafter defined). Long Term Occupancy Building shall mean and refer to a building within the CONDOMINIUM, the UNITS in which are restricted to Long Term Occupancy (as hereinafter defined). "Long Term Occupancy" shall mean the use and occupancy by the Owners thereof, their immediate families and guests or Long Term Tenant(s) (as hereinafter defined). A Long Term Tenant shall mean a tenant which occupies a UNIT(S) pursuant to a lease agreement having a term of not less than six (6) months. GRANTOR may designate any Building as a Long Term Occupancy Building; however, such designation as a Long Term Occupancy Building shall be made by the GRANTOR only at the time of submission of such building, and the Phase in which such Building is located, to Magnolia Place Horizontal Property Regime by the designation of such building as a Long Term Occupancy Building in the amendment to this Master Deed incorporating such building as a Phase of Magnolia Place Horizontal Property Regime. Upon the filing of such amendment designating any building within a Phase of Magnolia Place Horizontal Property Regime as a Long Term Occupancy Building, such building shall be thereafter restricted, and the filing of such amendment so designating a building shall act to so restrict, each and every UNIT within that building to Long Term Occupancy.

Should the Owners of the UNITS within any building comprising a Phase of Magnolia Place Horizontal Property Regime which hereafter is designated as a Long Term Occupancy Building desire that such building no longer be designated as a Long Term Occupancy Building, such Owners may revoke such designation by the filing of a document in the public records of the Register of Mesne Conveyances of Horry County, South Carolina signifying the consent and approval of all of the Owners of the UNITS within such building to the revocation of the Long Term Occupancy Building designation as to that building. Such document must be executed by all of the Owners of all of the UNITS within such building. Upon such filing, the building which is the subject of such document shall no longer be considered a Long Term Occupancy Building and shall not thereafter be restricted to Long Term Occupancy.

Nothing herein shall act to restrict other UNITS within buildings contained within Magnolia Place Horizontal Property Regime to Long Term Occupancy unless and until the GRANTOR shall designate such building in which such UNIT is located as a Long Term Occupancy Building in accordance with the foregoing. Further, the buildings in Phase I and Phase II are not Long Term Occupancy Buildings.

XVI.

USE OF COMMON ELEMENTS SUBJECT TO
RULES OF ASSOCIATION

The use of COMMON ELEMENTS and LIMITED COMMON ELEMENTS by the Owner or Owners of all UNITS, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the ASSOCIATION.

In addition to the rules and regulations promulgated by ASSOCIATION, the property is hereby restricted such that the only pets which are permitted within the Horizontal Property Regime including the UNITS, the COMMON ELEMENTS and LIMITED COMMON ELEMENTS are companion pets such as birds, domesticated cats, fish, dogs and other small mammals. Under no circumstances are exotic cats, non-human primates, horses or other farm livestock or zoo type animals permitted within the Horizontal Property Regime. Pets must be on a leash or carried when on any COMMON ELEMENTS. It shall be the Owner's obligation to dispose of waste material from pets. The Board of Directors of the ASSOCIATION shall have the right to order the removal of any pet which, in the Board's sole discretion, is considered a nuisance, and the same shall be done without compensation to the Owner. In such event, the Board shall give written notice thereof to the pet owner, and the pet shall immediately thereafter be permanently removed from the Horizontal Property Regime. A pet not on a leash shall be deemed a nuisance. Failure to properly dispose of the waste material from a pet shall be deemed a nuisance.

In addition to the foregoing, no gas or charcoal grills may be located within a UNIT nor shall any other cooking devices be located, maintained or used on any LIMITED COMMON ELEMENT or COMMON ELEMENT (including decks, porches or patios notwithstanding whether same is part of a UNIT, the COMMON ELEMENTS or LIMITED COMMON ELEMENTS), except in areas specifically designated for their use by ASSOCIATION.

XVII.

CONDOMINIUM TO BE USED FOR LAWFUL
PURPOSES, RESTRICTION AGAINST
NUISANCES, ETC.

No immoral, improper, offensive or unlawful use shall be made of any UNIT or of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS, or any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the CONDOMINIUM shall be observed. No Owner of any UNIT shall permit

or suffer anything to be done or kept in his UNIT, the COMMON ELEMENTS or LIMITED COMMON ELEMENTS, which will increase the rate of insurance on the CONDOMINIUM, or which will obstruct or interfere with the rights of other occupants of the building or annoy them by unreasonable noises, and no Owner shall undertake any use or practice which shall create and constitute a nuisance to any other Owner of a UNIT, or which shall interfere with the peaceful possession and proper use of any other UNIT, COMMON ELEMENTS or LIMITED COMMON ELEMENTS.

XVIII.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any UNIT, regardless of whether the Owner is present at the time of such emergency, the Board of Directors of the ASSOCIATION or any other person authorized by it, shall have the right to enter such UNIT and the LIMITED COMMON ELEMENTS for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each UNIT, if required by the ASSOCIATION, shall deposit under the control of the ASSOCIATION a key to such UNIT.

XIX.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

Whenever it is necessary to enter any UNIT for the purpose of performing any maintenance, alteration or repair to any portion of the COMMON ELEMENTS, the Owner of each UNIT shall permit the duly constituted and authorized Agent of the ASSOCIATION, to enter such UNIT and its LIMITED COMMON ELEMENTS, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

XX.

LIMITATION UPON RIGHT OF OWNERS
TO ALTER AND MODIFY UNITS

No Owner of a UNIT shall permit any structural modifications or alterations without first obtaining the written consent of the ASSOCIATION, which consent may be withheld in the event that a majority of the Board of Directors of the ASSOCIATION determines, in its sole discretion, that such structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety or adversely affect the aesthetics of the building. If the modification or alteration desired by the Owner of any UNIT involves the removal of any permanent interior partition, the ASSOCIATION shall have the right to permit such

removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting COMMON ELEMENTS located therein. No Owner shall cause any balcony, porch, deck or patio abutting his UNIT to be enclosed, or cause any improvements or changes to be made on the exterior of the building, including painting or other decoration, or the installation of electrical wiring, television antenna, machines or air conditioning units, which may protrude through the walls or roof of the building, or in any manner change the appearance of any portion of the building not within the walls of such UNIT, or affix storm panels or awnings, without the written consent of the ASSOCIATION being first obtained. Notwithstanding the foregoing, nothing herein shall limit the right of the GRANTOR to enclose balconies, decks or porches as a part of the original construction of any building.

Without limiting the foregoing, no Owner shall install any receiving or transmitting device which requires any exterior protrusion whatsoever, nor shall any antennae, satellite dish or other receiving or transmitting device be located on any balcony, porch, patio or deck. Further, no clotheslines shall be placed or maintained on the exterior of any UNIT (including on any balconies, porches, patios or decks). In addition, for the purpose of aesthetic harmony, all window treatments shall include a uniform white backing which shall be visible from the exterior of the UNIT. All patios, balconies, porches and decks which are LIMITED COMMON ELEMENTS shall be maintained in a neat and orderly appearance by the OWNER of the UNIT for which its use is intended. Patios, balconies, porches and decks shall not be used for storage. To prevent unsightly conditions within the CONDOMINIUM, nothing shall be kept and maintained on or within any porches, balconies, decks and patios except normal patio furniture and plants.

XXI.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON ELEMENTS AND ASSESSMENTS THEREFOR

The ASSOCIATION shall not make or cause to be made alterations or improvements to the COMMON ELEMENTS which prejudice the rights of the Owner of any UNIT, unless such Owner's written consent has been obtained; provided however, the making of such alterations and improvements must first be approved by the Board of Directors of the ASSOCIATION, and, except as hereinafter provided, the cost of the alterations or improvements shall be assessed as a common expense to be collected from all of the Owners of UNITS according to the percentages set out in Exhibit C of the Master Deed. Where any alterations and improvements are exclusively or substantially exclusively for the benefit of the Owner or Owners of a UNIT or UNITS requesting the same, then the cost of such alterations and

improvements shall be assessed against and collected solely from the Owner or Owners of the UNIT or UNITS exclusively or substantially exclusively benefitted, the assessment to be levied in such proportion as the percentage interests of each of the UNITS being benefitted bears to the total of the percentage interests of all of the UNITS benefitted as set forth on Exhibit "C" hereto.

XXII.

MAINTENANCE AND REPAIR BY OWNERS OF UNITS

Every Owner must perform promptly all maintenance and repair work within his UNIT and of all LIMITED COMMON ELEMENTS to which such UNIT has exclusive use which, if omitted, would affect the CONDOMINIUM in its entirety or any part belonging to other Owners, and shall be expressly responsible for the damages and liability which his failure to do so may engender. Further, the Owner of each UNIT shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, dryer vents and hoses, all condensation lines serving the heating, ventilation and air-conditioning system for any UNIT, or other appliances or equipment now or hereafter located within such UNIT or serving that particular UNIT exclusively, including any fixtures and/or their connections required to provide water, light, power, sewage and sanitary service to his UNIT. Provided, however, ASSOCIATION, as a common expense, shall maintain, repair and replace any portions of the foregoing which are not part of a UNIT and which serve more than one (1) UNIT. Such Owner shall further be responsible and liable for maintenance, repair and replacement of any and all window glass, wall, ceiling and floor exterior surfaces, painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his UNIT and of all LIMITED COMMON ELEMENTS to which such UNIT has exclusive use. Further, and notwithstanding whether same is a part of the UNIT, a COMMON ELEMENT or a LIMITED COMMON ELEMENT, each UNIT Owner shall be responsible for the maintenance, repair and replacement of all doors, door frames, windows, window frames and all screens (including those in any screened porches) associated with or used in conjunction with that UNIT. The ASSOCIATION, at its expense, shall be responsible for the painting of all exterior portions of the buildings, including the exteriors of all doors, doorframes and windowframes (including the doors on any exterior storage closets) on a regular schedule. In between the times set for such regular painting, each UNIT Owner shall be responsible for painting the exteriors of all doors, doorframes and windowframes associated with that Owner's UNIT, and doors on storage closets maintained by ASSOCIATION, at such time as same is needed, using a paint of the color, brand and type as is approved by the ASSOCIATION. Wherever the maintenance, repair and replacement of any items for which the Owner of a UNIT is obligated to maintain, repair or replace at his own expense is occasioned by any loss or damage which may be

covered by any insurance maintained in force by the ASSOCIATION, the proceeds of the insurance received by the ASSOCIATION, or the Insurance Trustee hereinafter designated, shall be used for the purpose of making such maintenance, repair or replacement, except that the Owner of such UNIT shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The porch, deck or patio floors, the walls facing the porch, deck or patio, and any porch, deck or patio railings attached to his UNIT shall be maintained by the Owner of that UNIT at his expense; provided however, said Owner shall take no action which will alter the exterior appearance of the building. Should the Owner fail to provide the maintenance and/or repairs as required, the ASSOCIATION shall have the right to enter the UNIT to accomplish same at the sole cost and expense of the Owner and said cost and expense shall be charged against the Owner, including the expense of making a key should Owner fail to deposit a key with the ASSOCIATION pursuant to the requirements of Article XVIII. Any such costs and expenses shall become a lien on the UNIT in like manner as an assessment.

XXIII.

MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY ASSOCIATION

The ASSOCIATION, at its expense, shall be responsible for the maintenance, repair and replacement of all of the COMMON ELEMENTS, including those portions thereof which contribute to the support of the building, and all conduits, plumbing, wiring and other facilities located in the COMMON ELEMENTS for the furnishing of utility services to the UNITS and said COMMON ELEMENTS, and should any incidental damage be caused to any UNIT by virtue of any work which may be done or caused to be done by the ASSOCIATION in the maintenance, repair, or replacement of any COMMON ELEMENTS, the ASSOCIATION shall, at its expense, repair such incidental damage.

It shall further be the obligation of the ASSOCIATION to perform the major repairs and replacements for which reserves have been established at successive intervals not longer than in accordance with the anticipated useful life of each such portion of the COMMON ELEMENTS as provided in Exhibit "F" attached hereto (the "Maintenance Schedule"). The Board of Directors of ASSOCIATION may, however, cause such repairs and replacements to be undertaken at shorter intervals than those provided in the Maintenance Schedule. The Board of Directors of ASSOCIATION may not defer or delay the timing of the repair and replacements of the portions of the COMMON ELEMENT as set forth in the Maintenance Schedule without the written consent of GRANTOR and all such repairs and replacements must be undertaken by ASSOCIATION at the times

provided in the Maintenance Schedule unless the GRANTOR otherwise consents in writing. In the event that no time is provided for in the Maintenance Schedule for any portion of the COMMON ELEMENTS, the ASSOCIATION, through its Board of Directors, shall establish the timing of the maintenance and replacement thereof in accordance with the anticipated useful life thereof.

The Board of Directors of ASSOCIATION shall cause the COMMON ELEMENTS to be inspected and evaluated approximately every three (3) years by a professional engineer, architect or other qualified professional, who shall then render a report to the Board of Directors of the ASSOCIATION as to the condition of the COMMON ELEMENTS, as well as any recommendations for repairs and maintenance of the COMMON ELEMENTS. Such report shall be used by ASSOCIATION to assist it in the performance of the maintenance of the COMMON ELEMENTS. All of such reports shall be maintained in the files of ASSOCIATION and may be reviewed by any Owner, upon reasonable request. The first such inspection shall occur not earlier than January 1, 1999 and not later than July 1, 1999. Each subsequent inspection shall occur between January 1 and July 1 of the year three (3) years from the date previous inspection. The cost of such inspection and report shall be a common expense. The term "Qualified Professional" as used herein shall mean a person whose education, training and work experience, as well as licenses and other professional qualifications, qualifies such person to perform the services provided for herein, in the reasonable discretion of the Board of Directors, after review of such qualifications.

In addition to the foregoing, the Board of Directors of the ASSOCIATION shall cause to be maintained a termite bond covering the buildings comprising the CONDOMINIUM which will provide coverage for the repair, replacement or retreatment of any portion of the buildings which are damaged or destroyed by infestation of termites or other wood-boring organisms. Such bond shall be maintained in full force and effect at all times and the cost thereof shall be a common expense of the ASSOCIATION.

The provisions of this Section XXIII may not be amended without the express written consent of the GRANTOR.

XXIV.

PERSONAL LIABILITY AND RISK OF LOSS OF OWNER OF UNIT AND SEPARATE INSURANCE COVERAGE, ETC.

The Owner of each UNIT may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects and other personal property belonging to such Owner and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or

property of another while within such Owner's UNIT or upon the COMMON ELEMENTS. All such insurance obtained by the Owner of each UNIT shall, wherever such provision shall be available, provide that the insurer waives its right of subrogation as to any claims against other Owners of UNITS, the ASSOCIATION, and the respective servants, agents and guests of said other Owners and the ASSOCIATION, and such other insurance coverage may be obtained from the insurance company from which the ASSOCIATION obtains coverage against the same risk, liability or peril, if the ASSOCIATION has such coverage and if it is available. Risk of loss of or damage to any furniture, furnishings, personal effects and other personal property (other than such furniture, furnishings and personal property constituting a portion of the COMMON ELEMENTS) belonging to or carried on the person of the Owner of each UNIT, or which may be stored in any UNIT or in, to or upon COMMON ELEMENTS shall be borne by the Owner of each such UNIT. All furniture, furnishings and personal property constituting a portion of the COMMON ELEMENTS and held for the joint use and benefit of all Owners of all UNITS shall be covered by such insurance as shall be maintained in force and effect by the ASSOCIATION as hereinafter provided. The Owner of a UNIT shall have no personal liability for any damages caused by the ASSOCIATION, any Owner or otherwise in connection with the use of the COMMON ELEMENTS. The Owner of a UNIT shall be liable for injuries or damage resulting from an accident in his own UNIT, to the same extent and degree that the Owner of a house would be liable for an accident occurring within the house.

XXV.

INSURANCE COVERAGE TO BE MAINTAINED BY THE ASSOCIATION;
INSURANCE TRUSTEE, APPOINTMENT AND DUTIES
APPROVAL OF INSURERS BY INSTITUTIONAL LENDER;
USE AND DISTRIBUTION OF INSURANCE PROCEEDS, ETC.

The following insurance coverage shall be maintained in full force and effect by the ASSOCIATION covering the operation and management of the CONDOMINIUM and the said CONDOMINIUM, meaning the UNITS and COMMON ELEMENTS, to-wit:

A. Casualty insurance covering all of the UNITS, and COMMON ELEMENTS, in an amount equal to the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the insurance carrier, such coverage to afford protection against (i) loss or damage by fire or other hazards covered by the standard extended coverage or other perils endorsements; and (ii) such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to buildings similar in construction, location and use to the CONDOMINIUM, including but not limited to vandalism, malicious mischief, windstorm, wind driven rain damage, water damage and war risk insurance, if available.

B. Public liability and property damage insurance in such amounts and in such form as shall be required by the ASSOCIATION to protect the ASSOCIATION and the Owners of all UNITS, including but not limited to, water damage, legal liability, hired automobile, nonowned automobile and off premises employee coverage.

C. Worker's Compensation insurance to meet the requirements of law.

D. Director's and Officer's liability coverage providing coverage for the Directors and Officers of the ASSOCIATION.

E. Such other insurance coverage, other than title insurance, as the Board of Directors of the ASSOCIATION, in its sole discretion may determine from time to time to be in the best interest of the ASSOCIATION and the Owners of all of the UNITS.

All liability insurance maintained by the ASSOCIATION shall contain cross liability endorsements to cover liability of all Owners of UNITS as a group as to each UNIT Owner.

Although pursuant to the foregoing, the insurance carrier for the ASSOCIATION shall determine annually the maximum insurance replacement value of the UNITS and COMMON ELEMENTS, it shall be the duty of the Board of Directors of ASSOCIATION to conduct a review of the insurance coverages maintained by ASSOCIATION to determine the adequacy thereof not less than once every three (3) years to increase the amount of any such insurance deemed inadequate. Upon such review, a report shall be presented to ASSOCIATION at the annual meeting next following the completion of such review, summarizing the findings of the Board of Directors of ASSOCIATION.

All insurance coverage authorized to be purchased shall be purchased by the ASSOCIATION for itself and for the benefit of all of the Owners of all UNITS. The cost of obtaining the insurance coverage authorized above is declared to be a common expense, as are all other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof.

All policies of casualty insurance covering the CONDOMINIUM shall provide for the insurance proceeds covering any loss to be payable to the Insurance Trustee named as hereinafter provided, or to its successor, and the insurance proceeds from any casualty loss shall be held for the use and benefit of the ASSOCIATION and all of the Owners of all UNITS and their respective mortgagees, as their interests may appear, and such insurance proceeds shall be applied or distributed in the manner herein provided. The ASSOCIATION is hereby declared to be "Insurance Trustee" acting by and through the Board of Directors of the ASSOCIATION and is appointed as authorized agent for all of the Owners of all UNITS for the purpose of negotiating and agreeing to a settlement as to the value and extent of any loss which may be covered under any policy of

casualty insurance, and is granted full right and authority to execute in favor of any insurer a release of liability arising out of any occurrence covered by any policy or policies of casualty insurance and resulting in loss of or damage to insured property.

The ASSOCIATION shall have the right to delegate the duties of the Insurance Trustee to some other party and all parties beneficially interested in such insurance coverage shall be bound by said delegation.

The Insurance Trustee shall not be liable for the payment of premiums, for the renewal of any policy or policies of casualty insurance, for the sufficiency of coverage, for the form or content of the policies or for the failure to collect any insurance proceeds..

The sole duty of the Insurance Trustee shall be to receive such proceeds of casualty insurance as are paid and to hold same in trust for the purposes herein stated, and for the benefit of the ASSOCIATION and the Owners of all UNITS and their respective mortgagees, such insurance proceeds to be disbursed and paid by the Insurance Trustee as hereinafter provided. The ASSOCIATION, as a common expense, may pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Wherever the Insurance Trustee may be required to make distribution of insurance proceeds to Owners of UNITS and their mortgagees, as their respective interests may appear, the Insurance Trustee may rely upon a Certificate of the President and Secretary of the ASSOCIATION, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to the ASSOCIATION, such Certificate to certify unto said Insurance Trustee the name or names of the Owners of each UNIT, the name or names of the mortgagee or mortgagees who may hold a mortgage or mortgages encumbering each UNIT, and the respective percentages of any distribution which may be required to be made to the Owner or Owners of any UNIT or UNITS, and his or their respective mortgagee or mortgagees, as their respective interests may appear. Where any insurance proceeds are paid to the Insurance Trustee for any casualty loss, the holder or holders of any mortgage or mortgages encumbering a UNIT shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage or mortgages, unless such insurance proceeds represent a distribution to the Owner or Owners of any UNIT or UNITS, and their respective mortgagees, after such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss

or damage, or unless such casualty insurance proceeds are authorized to be distributed to the Owner or Owners of any UNIT or UNITS, and their respective mortgagee or mortgagees, by reason of loss of or damage to personal property constituting a part of COMMON ELEMENTS and as to which a determination is made not to repair, replace or restore such personal property. So long as any lender shall have the right to approve the company or companies with whom said casualty insurance coverage is placed, such lender shall also have the right to approve the amount of such insurance coverage to be maintained.

In the event of the loss of or damage to COMMON ELEMENTS and/or UNITS, real or personal, which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such COMMON ELEMENTS, then such excess insurance proceeds shall be paid by the Insurance Trustee to the Owners of all UNITS and their respective mortgagees, the distribution to be separately made to the Owner of each UNIT and his said mortgagee or mortgagees, if any, and shall bear the same ratio to the total excess insurance proceeds as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears to the total undivided interests in COMMON ELEMENTS appurtenant to all UNITS. If it appears that the insurance proceeds covering the casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the ASSOCIATION shall deposit with the Insurance Trustee a sum which, together with the insurance proceeds received or to be received, will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies to be deposited by the ASSOCIATION with the Insurance Trustee, in said latter event, may be paid by the ASSOCIATION out of its Reserve for Replacements Fund, and if the amount in such Reserve for Replacements Fund is not sufficient, then the ASSOCIATION shall levy and collect an assessment against all Owners and their UNITS in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

In the event of loss of or damage to property covered by such casualty insurance, the ASSOCIATION shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before such loss or damage, such estimates to contain and include the cost of any professional fees and premiums for such bonds as the Board of Directors of the ASSOCIATION may deem to be in the best interest of the membership of the ASSOCIATION. Wherever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of

the repair, replacement or reconstruction thereof, the additional monies required to completely pay for such repair, replacement or reconstruction of said loss or damage, shall be deposited with said Insurance Trustee not later than thirty (30) days from the date on which said Insurance Trustee shall receive the monies payable under the policy or policies of casualty insurance.

In the event of the loss of or damage to personal property belonging to the ASSOCIATION, the insurance proceeds, when received by the Insurance Trustee, shall be paid to the ASSOCIATION. In the event of the loss of or damage to personal property constituting a portion of the COMMON ELEMENTS, and should the Board of Directors of the ASSOCIATION determine not to replace such personal property as may be lost or damaged, then the insurance proceeds received by the Insurance Trustee shall be paid to ASSOCIATION.

XXVI.

APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED AND ASSESSED AGAINST THE CONDOMINIUM AS A WHOLE

In the event that any taxing authority having jurisdiction over the CONDOMINIUM shall levy or assess any tax or special assessment against the CONDOMINIUM, as a whole, as opposed to levying and assessing such tax or special assessment against each UNIT and its appurtenant undivided interest in COMMON ELEMENTS as now provided by law, then such tax or special assessment so levied shall be paid as a common expense by the ASSOCIATION, and any taxes or special assessments which are to be so levied shall be included, wherever possible, in the estimated annual budget of the ASSOCIATION, or shall be separately levied and collected as an assessment by the ASSOCIATION against all of the Owners of all UNITS and said UNITS if not included in said annual budget. The amount of any tax or special assessment paid or to be paid by the ASSOCIATION in the event that such tax or special assessment is levied against the CONDOMINIUM, as a whole, instead of against each separate UNIT and its appurtenant undivided interest in COMMON ELEMENTS shall be apportioned among the Owners of all UNITS so that the amount of such tax or special assessment so paid or to be paid by the ASSOCIATION and attributable to and to be paid by the Owner or Owners of each UNIT shall be that portion of such total tax or special assessment which bears the same ratio to said total tax or special assessment as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS. In the event that any tax or special assessment shall be levied against the CONDOMINIUM in its entirety, without apportionment by the taxing authority to the UNITS and appurtenant undivided interests in COMMON ELEMENTS, then the assessment by the ASSOCIATION, which shall include the proportionate share of such tax or special assessment attributable to each UNIT and its appurtenant undivided interest in COMMON

ELEMENTS, shall separately specify and identify the amount of such assessment attributable to such tax or special assessments, and the amount of such tax or special assessment so designated shall be and constitute a lien prior to all mortgages and encumbrances upon any UNIT and its appurtenant undivided interest in COMMON ELEMENTS, regardless of the date of the attachment and/or recording of such mortgage or encumbrance, to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each UNIT and its appurtenant undivided interest in COMMON ELEMENTS.

All personal property taxes levied or assessed against personal property owned by the ASSOCIATION shall be paid by the ASSOCIATION and shall be included as a common expense in the Annual Budget of the ASSOCIATION.

XXVII.

THE ASSOCIATION TO MAINTAIN REGISTRY
OF OWNERS AND MORTGAGEES

The ASSOCIATION shall at all times maintain a register setting forth the names of the Owners of all of the UNITS, and in the event of the sale or transfer of any UNIT to a third party, the purchaser or transferee shall notify the ASSOCIATION in writing of his interest in such UNIT together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any UNIT. Further the Owner of each UNIT shall at all times notify the ASSOCIATION of the names of the parties holding any mortgage or mortgages on any UNIT, the amount of such mortgage or mortgages, and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any UNIT may, if he so desires, notify the ASSOCIATION of the existence of any mortgage or mortgages held by such party on any UNIT, and upon receipt of such notice, the ASSOCIATION shall register in its records all pertinent information pertaining to the same.

XXVIII.

ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT

The ASSOCIATION is given the authority to administer the operation and management of the CONDOMINIUM, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all UNITS. To properly administer the operation and management of the CONDOMINIUM, the ASSOCIATION will incur, for the mutual benefit of all of the Owners of UNITS, costs and expenses which will be continuing or nonrecurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "common expense." To provide the funds necessary for such proper

operation and management, the ASSOCIATION heretofore has been granted the right to make, levy and collect assessments against the Owners of all UNITS and said UNITS. In furtherance of said grant of authority to the ASSOCIATION to make, levy and collect assessments to pay the costs and expenses for the operation and management of the CONDOMINIUM, the following provisions shall be operative and binding upon the Owners of all UNITS, to-wit:

A. All assessments levied against the Owners of UNITS and said UNITS, including the ASSOCIATION should it own any UNIT, shall be uniform and, unless specifically otherwise provided for in this Master Deed, the assessments made by the ASSOCIATION shall be in such proportion that the amount of assessment levied against each Owner of a UNIT and his UNIT shall bear the same ratio to the total assessment made against all Owners of UNITS and their UNITS as does the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bear to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS.

B. The assessment levied against the Owner of each UNIT and his UNIT shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times as may be determined by the Board of Directors of the ASSOCIATION.

C. The Board of Directors of the ASSOCIATION shall establish an annual budget in advance for each fiscal year which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the CONDOMINIUM, including a reasonable allowance for contingencies and reserves (as hereinafter provided), such budget to take into account projected anticipated income which is to be applied in reduction of the amount required to be collected as an assessment each year. Upon adoption of such annual budget by the Board of Directors of the ASSOCIATION, copies of said budget shall be delivered to each Owner of a UNIT and the assessment for said year shall be established based upon such budget, although the delivery (or non-delivery) of a copy of said budget to each Owner shall not affect the liability of any Owner for such assessment. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the CONDOMINIUM, or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

D. Upon the initial sale of each UNIT by the GRANTOR, each Owner purchasing such UNIT from the GRANTOR shall pay over to the ASSOCIATION the amount of \$150.00 which shall not be a prepaid assessment, but shall constitute a separate payment to provide initial operating funds.

E. The Board of Directors of the ASSOCIATION, in establishing said annual budget for the operation, management and maintenance of the CONDOMINIUM shall include therein a sum to be collected and maintained as a reserve fund for replacement of COMMON ELEMENTS, which reserve fund shall be for the purpose of enabling the ASSOCIATION to replace and/or conduct major repairs upon, structural elements and mechanical equipment constituting a part of the COMMON ELEMENTS as well as the replacement of personal property and amenities which may constitute a portion of the COMMON ELEMENTS held for the joint use and benefit of all of the Owners of all UNITS. The amount to be allocated to such reserve fund for replacements shall be established by said Board of Directors so as to accrue and maintain at all times a sum necessary for replacement and/or major repair of said COMMON ELEMENTS based on the anticipated useful life of each portion of the COMMON ELEMENTS as provided in the Maintenance Schedule. Additions to such reserves must be established in an amount at least adequate to fund all repairs, replacements and maintenance in accordance with the Maintenance Schedule. The amount collected and allocated to the reserve fund for replacements from time to time shall be maintained in a separate account by the ASSOCIATION. No monies in such reserve fund for replacements shall be used to meet other needs or requirements of the ASSOCIATION in operating or managing the CONDOMINIUM or for normal regular maintenance of the COMMON ELEMENTS except upon the affirmative vote of at least 75% of the Board of Directors of the ASSOCIATION. In the event that the Board of Directors should authorize the use of any portion of the funds constituting reserve funds, it must thereafter levy a special assessment for the replenishment of such reserve funds within 90 days after the use of such reserve funds. The provisions of this Section shall not be amended without the express written consent of the GRANTOR.

F. The Board of Directors of the ASSOCIATION, in establishing said annual budget for operation, management and maintenance of the CONDOMINIUM, shall include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by Owners of UNITS, as a result of emergencies or for other reason placing financial stress upon the ASSOCIATION.

G. All monies collected by the ASSOCIATION shall be treated as the separate property of the ASSOCIATION, and such monies may be applied by the ASSOCIATION to the payment of any expense of operating and managing the CONDOMINIUM, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Master Deed and the Articles of Incorporation and By-Laws of the ASSOCIATION and as the monies for any assessment are paid to the ASSOCIATION by any Owner of a UNIT the same may be commingled with the monies paid to the ASSOCIATION by the other Owners of

UNITS. Although all funds and other assets of the ASSOCIATION, and any increments thereto or profits derived therefrom, or from the leasing or use of COMMON ELEMENTS, shall be held for the benefit of the members of the ASSOCIATION, no member of the ASSOCIATION shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his UNIT.

H. The payment of any assessment or installment thereof due to the ASSOCIATION shall be in default if such assessment, or any installment thereof, is not paid to the ASSOCIATION on or before the due date for such payment. When in default, the Board of Directors may accelerate the remaining installments of the annual assessment upon notice thereof to the UNIT Owner, whereupon the entire unpaid balance of the annual assessment shall become due upon the date stated in the notice, which shall not be less than ten (10) days after the date of the notice. In the event any assessment, installment, or accelerated installment is not paid within twenty (20) days after its due date, the ASSOCIATION, through its Board of Directors, may proceed to enforce and collect the assessment against the UNIT Owner owing the same in any manner provided for by the Act, including the rights of foreclosure and sale. When in default, the delinquent assessment or delinquent installment thereof due to the ASSOCIATION shall bear interest at the rate of 18% per annum until such delinquent assessment or installment thereof, and all interest due thereon, have been paid to the ASSOCIATION. Further, a late fee of \$25.00 shall be assessed for each installment not paid within 30 days after the due date thereof.

I. The Owner or Owners of each UNIT shall be personally liable to the ASSOCIATION for the payment of all assessments, regular or special, which may be levied by the ASSOCIATION while such person or persons is or are Owner or Owners of a UNIT in the CONDOMINIUM. In the event that any Owner or Owners are in default in payment of any assessment or installment thereof owed to the ASSOCIATION, such Owner or Owners of any UNIT shall be personally liable for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

J. In addition to all of the foregoing, each Owner of a UNIT, at the time of the original conveyance of the UNIT from the Grantor, shall pay to ASSOCIATION an advance assessment for insurance in an amount to be determined by ASSOCIATION'S Board of Directors in its reasonable discretion, and such determination shall be deemed final.

K. No Owner of a UNIT may exempt himself from liability for any assessment levied against such Owner and his UNIT by waiver of

the use or enjoyment of any of the COMMON ELEMENTS, or by abandonment of the UNIT, or in any other manner.

L. Recognizing that the necessity for providing proper operation and management of the CONDOMINIUM entails the continuing payment of costs and expenses therefor, which results in benefit to all of the Owners of UNITS, and that the payment of such common expense represented by the assessments levied and collected by the ASSOCIATION is necessary in order to preserve and protect the investment of the Owner of each UNIT, the ASSOCIATION is hereby granted a lien upon such UNIT and its appurtenant undivided interest in COMMON ELEMENTS, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Owner of each UNIT, which lien shall also secure interest and late fees, if any, which may be due on the amount of any delinquent assessments owing to the ASSOCIATION, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the ASSOCIATION in enforcing the lien upon said UNIT and its appurtenant undivided interest in the COMMON ELEMENTS. The lien granted to the ASSOCIATION may be foreclosed in the same manner as mortgages may be foreclosed in the State of South Carolina, and in any suit for the foreclosure of said lien, the ASSOCIATION shall be entitled to rental from the Owner of any UNIT from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a Receiver for said UNIT. The rental required to be paid shall be equal to the rental charged on comparable types of UNIT Units along the Grand Strand of South Carolina. The lien granted to the ASSOCIATION shall further secure such advances for taxes, and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the ASSOCIATION in order to preserve and protect its lien, and the ASSOCIATION shall further be entitled to interest at the legal rate as set out hereinbefore on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any UNIT, or who may be given or acquire a mortgage, lien or other encumbrance thereon, is hereby placed on notice of the lien granted to the ASSOCIATION, and shall acquire such interest in any UNIT expressly subject to such lien.

M. The lien herein granted to the ASSOCIATION shall be effective from and after the time of recording in the Public Records of Horry County, South Carolina, a claim of lien stating the description of the UNIT encumbered thereby, the name of the record Owner, the amount due and the date when due, and the lien shall continue in effect until all sums secured by said lien, as herein provided, shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, late fees, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall

be signed and verified by an officer or agent of the ASSOCIATION. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The claim of lien filed by the ASSOCIATION shall be subordinate to the lien of any mortgage or any other lien recorded prior to the time of recording of the ASSOCIATION'S Claim of Lien.

In the event that any person, firm or corporation shall acquire title to any UNIT and its appurtenant undivided interest in COMMON ELEMENTS by virtue of any foreclosure or judicial sale, such person, firm or corporation so acquiring title shall only be liable and obligated for assessments as shall accrue and become due and payable for said UNIT and its appurtenant undivided interest in COMMON ELEMENTS subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title subject to the lien of any assessment by the ASSOCIATION representing an apportionment of taxes or special assessments levied by taxing authorities against the CONDOMINIUM in its entirety. In the event of the acquisition of title to a UNIT by foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all UNITS as a part of the common expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

N. Whenever any UNIT may be sold or mortgaged by the Owner thereof, which sale shall be concluded only upon compliance with other provisions of this Master Deed, the ASSOCIATION, upon written request of the Owner of such UNIT, shall furnish to the proposed purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the ASSOCIATION by the Owner of such UNIT. Such statement shall be executed by any officer or agent of the ASSOCIATION and any purchaser or mortgagee may rely upon such statement in concluding the proposed purchase or mortgage transaction, and the ASSOCIATION shall be bound by such statement. In the event that a UNIT is to be sold or mortgaged at the time when payment of any assessment against the Owner of said UNIT and such UNIT due to the ASSOCIATION shall be in default (whether or not a claim of lien has been recorded by the ASSOCIATION) then the proceeds of such purchase or mortgage proceeds, shall be applied by the purchaser or mortgagee first to payment of any then delinquent assessment or installment thereof due to the ASSOCIATION before the payment of any proceeds of purchase or mortgage proceeds to the Owner of any UNIT who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a UNIT, the Grantee shall be jointly and severally liable with the GRANTOR for all unpaid assessments against GRANTOR made prior to the time of such voluntary

conveyance, without prejudice to the rights of the Grantee to recover from the GRANTOR the amounts paid by the Grantee therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the ASSOCIATION which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, proceeding by foreclosure to attempt to effect such collection shall not be deemed to be an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing to it.

Notwithstanding anything in this Master Deed to the contrary, it is declared that until the expiration of sixty (60) days after the date of recordation of this Master Deed, each UNIT in Phase I and Phase II shall be exempt from the assessment created herein until such time as the UNIT is conveyed by the GRANTOR to a Grantee and that the GRANTOR shall be assessed and pay to the ASSOCIATION in lieu of such assessment a sum equal to the amount of actual operating expenses for the period of such assessment less an amount equal to the total assessments made by the ASSOCIATION against Owners of UNITS other than those owned by GRANTOR for such period. Commencing sixty-one (61) days after the recordation of this Master Deed, the GRANTOR shall be subject to assessments as provided for in this Master Deed so that it will pay assessments on the same basis provided for under this Master Deed for other UNIT Owners. GRANTOR reserves the right in future Phases for a period not to exceed sixty (60) days after recordation of the amendment adding each such Phase, to contribute in lieu of normal assessments the actual operation expenses attributable to the UNITS in each Phase less the amount of total assessments made by ASSOCIATION against Owners of UNITS other than those owned by GRANTOR. Notwithstanding the foregoing, GRANTOR may elect to pay assessments on unsold UNITS in the same manner as other Owners in lieu of paying the operating deficit as provided above.

XXIX.

TERMINATION

This Master Deed and said plan of CONDOMINIUM ownership may only be terminated by the unanimous consent of all of the Owners of all UNITS and all of the parties holding mortgages, liens or other encumbrances against any of said UNITS, in which event the termination of the CONDOMINIUM shall be by such plan as may be then adopted by said Owners and persons holding any mortgages, liens or other encumbrances. Such election to terminate this Master Deed and the plan of CONDOMINIUM ownership established herein shall be executed in writing by all of the aforementioned persons, and such instrument or instruments shall be recorded in the Public Records of Horry County, South Carolina.

AMENDMENT OF MASTER DEED

Except for any alteration in the percentage of ownership in COMMON ELEMENTS appurtenant to each UNIT, or alteration of the basis for apportionment of assessments which may be levied by the ASSOCIATION in accordance with the provisions hereof, in which said instances consent of all of the Owners of all UNITS and their respective mortgagees shall be required, and except for any alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of GRANTOR, and the Lender which said rights and privileges granted and reserved unto the said GRANTOR and the Lender shall only be altered, amended or modified with the respective express written consent of the said GRANTOR or Lender, as the case may be, this Master Deed may be amended in the following manner:

An amendment or amendments to this Master Deed may be proposed by the Board of Directors of the ASSOCIATION acting upon a vote of the majority of the Directors, or by the members of the ASSOCIATION owning a majority of the UNITS in the CONDOMINIUM, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to the Master Deed being proposed by said Board of Directors or members, ~~such proposed amendment or amendments shall be transmitted to the President or Secretary of the ASSOCIATION, in the absence of the President, who shall thereupon call a Special Meeting of the members of the ASSOCIATION for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the Proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting.~~ If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his postal address as it appears on the records of the ASSOCIATION, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice and such waiver, when filed in the records of the ASSOCIATION, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. At such meeting, the amendment or amendments proposed must be approved by an affirmative vote of sixty-seven (67%) percent of the members owning a UNIT in the CONDOMINIUM in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of this Master Deed shall be transcribed and certified by the President and Secretary of the ASSOCIATION as having been duly adopted, and the original or an executed copy of such amendment or amendments so certified and executed with the same formalities as a deed shall be

recorded in the Public Records of Horry County, South Carolina, within thirty (30) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording data identifying the Master Deed. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the ASSOCIATION shall be delivered to all of the Owners of all UNITS and mailed to the mortgagees listed in the registry required to be maintained by Article XXVI hereof, but delivery and mailing of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the ASSOCIATION shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the ASSOCIATION at or prior to such meeting. Furthermore, no amendment to this Master Deed shall be adopted which would operate to affect the validity or priority of any mortgage held by a mortgagee or which would alter, amend or modify in any manner whatsoever the rights, powers and privileges granted and/or reserved herein in favor of any mortgagee or in favor of GRANTOR without the consent of all such mortgagees or GRANTOR as the case may be. Notwithstanding anything contained herein, the GRANTOR, its successors or assigns, may, without the consent of the UNIT Owners or MORTGAGEES, at any time prior to twenty (20) years from the date of filing of this Master Deed, amend this Master Deed in the manner set forth in Article III so as to subject any additional Phase(s) to the provisions of this Master Deed and the Horizontal Property Act of South Carolina so as to make such additional Phase(s) an integral part of Magnolia Place Horizontal Property Regime. Any such amendment shall, together with this Master Deed, contain all of the particulars required by the said Horizontal Property Regime Act of South Carolina and from and after the recording of any such amendment, Magnolia Place Horizontal Property Regime shall include the Phase then being submitted as well as all Phases previously submitted. The UNITS in future Phases are to be of similar design as those UNITS in Phase I except as more particularly provided in Exhibit "C" hereto. The designation of each UNIT number and its proportionate interest in the COMMON ELEMENTS is set forth in Exhibit C, which is attached hereto and made a part and parcel hereof. It is not contemplated that submission of additional Phase(s) will substantially increase the proportionate amount of the common expenses payable by existing UNIT Owners.

The GRANTOR further reserves the right to make changes or amendments in this Master Deed, without the consent of any UNIT Owners or their mortgagees, to correct typographical, scrivener's or similar errors or to make a change required by an institutional lender, provided that any such correction or amendment shall not adversely affect the proportionate interest of any Owner or Owners in the COMMON ELEMENTS. Such change or amendment may be made by

the recording of an appropriate document in the Office of the Register Mesne Conveyance for Horry County executed by the GRANTOR.

XXXI.

REMEDIES IN EVENT OF DEFAULT

The Owner or Owners of each UNIT shall be governed by and shall comply with the provisions of this Master Deed, and the Articles of Incorporation and the By-Laws of the ASSOCIATION and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the Owner or Owners of any UNIT shall entitle the ASSOCIATION or the Owner or Owners of other UNIT or UNITS to the following relief:

A. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the Articles of Incorporation, By-Laws of the ASSOCIATION, or its rules and regulations, shall be grounds for relief which may include without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof and which relief may be sought by the ASSOCIATION, or, if appropriate, by an aggrieved Owner of a UNIT.

B. The Owner or Owners of each UNIT shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his or their act, neglect or carelessness, or by that of any member of his or their family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the ASSOCIATION. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a UNIT or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by the Owner of any UNIT, the ASSOCIATION, if successful, shall be entitled to recover the costs of the proceedings, and such reasonable attorney's fees as may be determined by the Court.

D. The failure of the ASSOCIATION or of the Owner of a UNIT to enforce any right, provision, covenant, or condition which may be granted by this Master Deed or other above mentioned documents shall not constitute a waiver of the right of the ASSOCIATION or of the Owner of a UNIT to enforce such right, provision, covenant or condition in the future.

E. All rights, remedies and privileges granted to the ASSOCIATION or the Owner or Owners of a UNIT pursuant to any terms, provisions, covenants or conditions of this Master Deed or other above mentioned documents, shall be deemed to be cumulative and the

exercise of any one or more shall not be deemed to constitute an election of remedies or to preclude the person thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such person at law or in equity.

F. The failure of the GRANTOR, or the Lender to enforce any right, privilege, covenant or condition which may be granted to them, or either of them, by this Master Deed or other above mentioned document shall not constitute waiver of the right of either of said parties to thereafter enforce such right, provision, covenant or condition in the future.

XXXII.

USE OR ACQUISITION OF INTEREST IN THE CONDOMINIUM
TO RENDER USER OR ACQUIRER SUBJECT TO PROVISIONS OF
MASTER DEED, RULES AND REGULATIONS

All present or future Owners, tenants or other persons who use the facilities of the CONDOMINIUM in any manner are subject to the provisions of this Master Deed and all documents appurtenant hereto and incorporated herewith, and the mere acquisition or rental of any UNIT or the mere act of occupancy of any UNIT, shall signify that the provisions of this Master Deed are accepted and ratified in all respects.

XXXIII.

RIGHT OF GRANTOR TO SELL OR LEASE UNIT
OWNED BY IT AND RIGHT OF GRANTOR TO REPRESENTATION
ON BOARD OF DIRECTORS OF THE ASSOCIATION

So long as GRANTOR shall own any UNIT, the said GRANTOR, shall have the absolute right to lease or sell any such UNIT to any person, firm or corporation, upon any terms and conditions as it shall deem to be in its own best interest. Further, provided that GRANTOR has not terminated "Class II" membership in the ASSOCIATION in accordance with the Articles of Incorporation and ByLaws of the ASSOCIATION, or so long as any phase or phases of the CONDOMINIUM project have not been submitted to the CONDOMINIUM or GRANTOR, its successors or assigns, is the Owner of Eight (8) or more UNITS, then GRANTOR, its successors and assigns, shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the ASSOCIATION. Whenever GRANTOR shall be entitled to designate and select any person or persons to serve on any Board of Directors of the ASSOCIATION the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the ASSOCIATION, and GRANTOR, shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or

Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by GRANTOR, need not be an Owner of a UNIT. The power of the GRANTOR to designate Directors as above referred to shall terminate no later than the 31st day of December, 2003.

Any representative of GRANTOR serving on the Board of Directors of the ASSOCIATION shall not be required to disqualify himself upon any vote upon any management contract or other matter between GRANTOR and the ASSOCIATION where the GRANTOR may have a pecuniary or other interest. Similarly, GRANTOR, as a member of the ASSOCIATION, shall not be required to disqualify itself in any vote which may come before the membership of the ASSOCIATION upon any management contract or other matter between GRANTOR and the ASSOCIATION where GRANTOR may have a pecuniary or other interest.

XXXIV.

ANNUAL REPORTS TO BE PROVIDED TO LENDER

So long as any Lender selected by GRANTOR is the Owner or holder of a mortgage encumbering a UNIT in the CONDOMINIUM, the ASSOCIATION shall furnish said Lender, upon such Lender's request, with at least one (1) copy of the Annual Financial Statement and Report of the ASSOCIATION audited and prepared by Certified Public Accountants satisfactory to Lender and setting forth such details as the said Lender may reasonably require, including a detailed statement of annual carrying charges or income collected, and operating expenses, such Financial Statement and Report to be furnished within ninety (90) days following the end of each fiscal year.

XXXV.

SEVERABILITY

In the event that any of the terms, provisions or covenants of this Master Deed are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

XXXVI.

LIBERAL CONSTRUCTION AND ADOPTION OF PROVISIONS OF CONDOMINIUM ACT

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan of CONDOMINIUM ownership. The South Carolina Horizontal Property Act, 1976 Code

of Laws, as the same may be amended from time to time thereafter, is hereby adopted and expressly made a part hereof. In the event of any conflict between the provisions of this Master Deed and the said South Carolina Horizontal Property Act of South Carolina, as the same may be amended, the provisions of the Act shall take the place of any provisions in conflict with the Master Deed.

XXXVII.

MASTER DEED
BINDING UPON GRANTOR, ITS SUCCESSORS AND ASSIGNS,
AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each UNIT and its appurtenant undivided interest in COMMON ELEMENTS and this Master Deed shall be binding upon GRANTOR, its successors and assigns, and upon all parties who may subsequently become Owners of UNITS in the CONDOMINIUM and their respective heirs, legal representatives, successors and assigns.

XXXVIII.

DEFINITIONS

A. The term "UNIT" or "UNITS" shall be synonymous with the term "Apartment" or "Apartments" as those terms are used under the Horizontal Property Act of the 1976 Code of Laws of South Carolina, as amended. UNIT herein may also be described as "Villas" or "Dwellings".

B. "Building" means a structure containing in the aggregate two or more UNITS comprising a part of the CONDOMINIUM.

C. "Co-owner" or "Owner" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof, who owns a UNIT within a Building.

D. "Assessment" means a UNIT Owner's pro rata share of the common expenses which from time to time is assessed against a UNIT Owner by the ASSOCIATION.

E. "Association" means council of co-owners as defined by the Horizontal Property Act and also means Magnolia Place Property Owners' Association, Inc., the corporate form by which the council of co-owners shall operate Magnolia Place Horizontal Property Regime.

F. "Common Expense" means the expenses for which the UNIT Owners are liable to the ASSOCIATION and include:

1. Expenses of administration, management, maintenance, insurance, operation, repair or replacement of the COMMON ELEMENTS and of the portions of UNITS which are the responsibility of the ASSOCIATION.

2. Expenses declared common expenses by provisions of this Master Deed;

3. Any valid charges against the CONDOMINIUM as a whole.

G. "Common Surplus" means the excess of or receipts of the ASSOCIATION, including, but not limited to assessments over the amount of common expenses.

H. "Condominium" refers to Magnolia Place Horizontal Property Regime and means the form of individual ownership of a particular UNIT in a Building together with the common right to a share with other co-owners in the general COMMON ELEMENTS.

I. "Common Elements" means and includes the elements described in the Horizontal Property Regime Act, and in this Master Deed (including Exhibits), as "COMMON ELEMENTS" and also the following:

1. Easements through apartments for conduits, ducts, plumbing, chimneys, wiring, and other facilities for the furnishing of utility services to UNITS and the general COMMON ELEMENTS; provided, however, such easements through a UNIT shall be only according to the plans and specifications for the Building, or as the Building is constructed unless otherwise approved in writing by the UNIT Owner.

2. An easement of support in every portion of an UNIT which contributes to the support of a Building.

3. Easements through the UNITS and general COMMON ELEMENTS for maintenance, repair and replacement of the UNITS and general COMMON ELEMENTS.

4. Installations for the furnishing of utility services to more than one UNIT or to the general COMMON ELEMENTS or to a UNIT other than the one containing the installation, which installation shall include ducts, plumbing, wiring and other facilities for the rendering of such services.



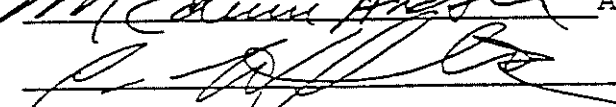
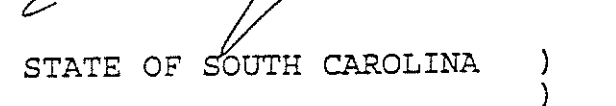
5. The tangible personal property required for the maintenance and operation of the CONDOMINIUM, even though owned by the ASSOCIATION.

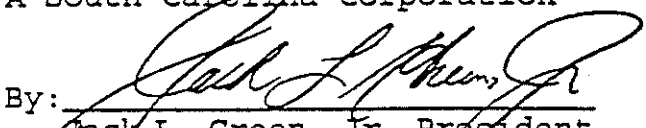
J. "Limited Common Elements" shall have the meaning attributed thereto in Article IV of this Master Deed.

IN WITNESS WHEREOF, Heritage Communities, Inc., a South Carolina Corporation, has caused these presents to be executed this 22nd day of November, 1995.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Heritage Communities, Inc.,
A South Carolina Corporation

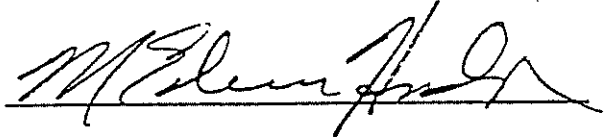
By: 
Jack L. Green, Jr. President

Attest: 
Roger H. Van Wie, Secretary

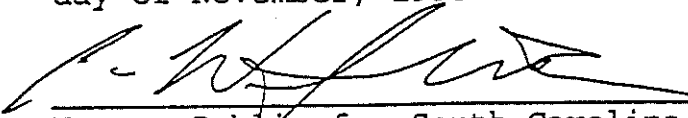
STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned notary, who, after first being duly sworn, deposes and states that s/he saw the within named Heritage Communities, Inc., by and through its duly authorized officer(s), Sign, Seal and Deliver the within Master Deed; and that s/he with the other witness witnessed the execution thereof.



SWORN to before me this 22
day of November, 1995.

 (L.S.)
Notary Public for South Carolina
My Commission Expires: 12/24/00